

## CAPITALIZED ASSETS: WHO DOES WHAT

6805

(Revised 11/2017)

Departments, the State Public Works Board (PWB), the Department of Finance (Finance), the Department of General Services (DGS), the Pooled Money Investment Board (PMIB), and the State Treasurer's Office (STO) all perform key roles in carrying out the state's infrastructure program.

- a. Each **department** manages the programs for which infrastructure acquisition, construction or improvement is a supporting activity. The department identifies program needs in a strategic plan, determines the related infrastructure requirements, prepares a five-year infrastructure plan, prepares individual capital outlay budget change proposals, works with Finance and DGS to budget and implement the plan, and may work with PMIB and STO to provide interim and long-term financing for the project. At all stages of a capital outlay project or a capitalized lease project, departments are responsible for justifying program needs, keeping the project within scope and cost, and meeting administrative requirements set forth in statute and SAM.

The following departments have authority to design and construct projects, exclusive of the control or oversight of DGS, with certain limitations:

### Departments authorized to manage capital outlay projects

- 0250 – Judicial Branch
- 3540 – Forestry and Fire Protection (limited authority)
- 3790 – Parks and Recreation
- 5225 – Corrections and Rehabilitation
- 6870 – California Community Colleges
- 6610 – California State University
- 6440 – University of California
- 8940 – California Military Department

Although the above departments have authority to manage capital outlay projects exclusive of DGS' control and oversight, these departments are subject to Finance and PWB control and oversight (special rules apply for the universities).

- b. **Finance** reviews capital outlay budget change proposals (COBCPs) for inclusion in the *Governor's Budget*, reviews legislation proposing capital outlay projects and capitalized leases, has authority to adjust the scope of projects subject to legislative reporting requirements, chairs and provides staff to PWB in that board's oversight of project implementation, and has delegated authority from PWB to carry out certain of the PWB's tasks. Finance also participates in bond sale activities for capital outlay and capitalized lease projects.

(Continued)

(Continued)

**CAPITALIZED ASSETS: WHO DOES WHAT**

**6805** (Cont. 1)

(Revised 11/2017)

- c. **PWB** acquires property for the state, must approve the preliminary plans or performance criteria for capital projects, may set reasonable conditions for any project, and may issue debt instruments and authorize interim financing to construct facilities. PWB ensures that projects remain within legislatively approved scope and cost and are carried out in a timely manner and with proper due diligence. PWB has authority to augment projects by up to 20 percent, and may terminate projects, under circumstances defined in statute and subject to legislative notification requirements. In addition, the PWB is vested with the power of eminent domain (condemnation authority) for the state entities under its purview. An overview of PWB's role and responsibilities is presented in SAM Section 6842.
- d. **DGS** has broad authority for real property acquisition, sales, statewide property inventory, and energy efficiency services for state and K-14 school facilities. Its services are offered on a reimbursable basis. DGS determines whether departments are capable of carrying out minor projects directly, and may delegate the management of minor capital projects to departments. Additional information about minor capital outlay projects is provided in Section 6807. DGS is also staff to PWB for property acquisition.
- e. The **PMIB** has the authority to grant requests for Pooled Money Investment Account loans for projects needing interim financing before bonds are sold. Additional information on PMIB is provided in SAM Section 6878.
- f. **STO** is the state's official agent for the sale of debt instruments. STO chairs the PMIB and sits as a member on the PWB (Bond Items only). In addition, STO provides (or makes arrangements for) trust services for debt issuances. As agent for sale, STO holds the exclusive right to select financing teams for issuances. STO's agent-for-sale role includes all debt financings of joint powers authorities, regardless of whether the state is a member of the authority. Additional information on STO is provided in SAM Sections 6870–6888.